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**GRASS VALLEY WOMAN PLEADS GUILTY TO TAX FRAUD SCHEME**

United States Attorney McGregor W. Scott announced today that KAREN LOUISE YOUNCE, 52, of Grass Valley, California, pleaded guilty this afternoon before Chief U.S. District Court Judge David F. Levi of conspiring to defraud the United States. Judgment and sentencing has been set before Judge Levi for April 21, 2005 at 10:00 a.m., where YOUNCE faces a maximum sentence of five years in prison and up to a \$250,000 fine.

The case is the product of an investigation undertaken by the Internal Revenue Service - Criminal Investigation Division.

According to Assistant U.S. Attorney James P. Arguelles, who is prosecuting the case, YOUNCE admitted as part of her plea that during the period of 1992 through August of 2002, she participated in a conspiracy to impair, impede, and obstruct the lawful function of the Internal Revenue Service ("IRS") in the computation, assessment, and collection of over \$2 million in federal income tax liabilities. The object of the conspiracy was to conceal from the IRS taxable income earned by YOUNCE's clients, through the use of both domestic and foreign trusts which she marketed. For a fee, YOUNCE advised and assisted her clients in transferring assets and income-generating entities into domestic and foreign trusts which she created, and in then using those trusts to evade federal income taxes through the concealment of the clients' control over, and use of, such assets and income.

In addition, YOUNCE advised and assisted her clients in cycling their U.S. income through off-shore bank accounts she controlled, and then returning the income to the clients. YOUNCE admitted that she did this purposefully to avoid these funds from being traced by the Internal Revenue Service, with the intent of assisting such clients in evading income taxes.

Immediately following her change of plea, YOUNCE, who has been detained since the date of her initial arrest in April of 2004, was remanded back into the custody of the U.S. Marshal.

Co-defendant SCOTT BAKER RIESS pleaded guilty to aiding and assisting in the presentation of a false income tax return on January 27, 2005, and is also set to be sentenced before Judge Levi on April 21, 2005.

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